

**A New Federal Assistance Program to Validate Eligibility
for Telephone Lifeline and Other Utility Low Income Rate Programs:
Medicare Prescription Drug Assistance Benefits**

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It makes sense for utility discount programs to rely, when possible, on need determinations of other programs. For that reason, Lifeline and other utility low income rate programs rely on need determinations made by public agencies that administer programs like SSI, TANF, Food Stamps, and Low Income Home Energy Assistance.

In recent years the number of low income New York households receiving telephone Lifeline assistance declined by more than 300,000. This decline roughly parallels the decline in the number of households receiving assistance in the federal-state TANF program for needy families. New York had enrolled many of these households through a confidentiality protected data matching program. When the households lost eligibility for the TANF assistance program, their Lifeline eligibility also ceased.

LIHEAP assistance has a simplified application process and has income guidelines at 150% of the federal poverty level. This is a good marker for low income utility rates, but it reaches only about half of the population of eligible households in New York.

The Medicare prescription drug assistance program could reach persons who are not receiving LIHEAP. It has comparable but not identical eligibility standards. Unlike most of the other programs that trigger eligibility for telephone Lifeline and other utility reduced rate programs, this program is directly administered by the Social Security Administration. It does not require applicants to seek aid at the local welfare office. Applicants may apply at a Social Security office or via the internet, and if qualified, they will get a letter from the Social Security Administration validating their eligibility. A copy of the eligibility letter could be used by the recipient to document financial eligibility for utility discount rate programs.

PULP proposed making Medicare Prescription Drug Assistance an eligibility conferring category, in addition to LIHEAP, for the "Power Partner Program," a low income assistance program of New York State Electric & Gas (NYSEG) which includes a reduced rate component.

Attached is a description of the new program, an excerpt from PULP's brief proposing its addition as an eligibility conferring program for the NYSEG Power Partner Program, an excerpt from NYSEG's reply brief, and an excerpt from the Recommended Decision of the Administrative Law Judges. The RD states that PULP's proposal should be considered in Power Partner Program implementation discussions. The full RD is at http://www.pulp.tc/05e1222_RD_Final.pdf

Help Available To Pay Costs Of Medicare's New Prescription Drug Program—Act Now!

2006



On January 1, 2006, a new program began providing prescription drug coverage under Medicare. Now, a Medicare prescription drug plan may be an even better deal for you if you are a Medicare beneficiary with limited income and resources. You may qualify for extra help that will make your low monthly premiums, deductibles and co-payments even lower, much lower. To get the most from this special benefit, act now.

What is the extra help?

- If your annual income is below \$14,700 for an individual (\$19,800 for a married couple living together), you may not have to pay monthly premiums or deductibles, and you could pay as little as \$2 for your co-payments.
- Even if your annual income is higher, you still may be able to get some help with your monthly premiums, annual deductibles and prescription co-payments. For example, your income may be higher and you possibly could get extra help if you or your spouse:
 - Support other family members who live with you;
 - Have earnings from work; or
 - Live in Alaska or Hawaii.
- To qualify, your resources must be limited to \$10,000 for an individual (\$20,000 for a married couple living together). These resource limits can be slightly higher (an additional \$1,500 per person) if you will use some of your money for burial expenses. Resources include such things as bank accounts, stocks and bonds. We **do not** count your house and car as resources.

What should I do next?

If you are not getting the extra help automatically, it is easy to apply. Here's how:

- Get an application or apply over the phone by calling Social Security at **1-800-772-1213** (TTY **1-800-325-0778**), or
- Apply online at www.socialsecurity.gov.

After you apply, Social Security will review your application and send you a letter to let you know if you qualify for the extra help. You will need to enroll in a Medicare-approved prescription drug plan to get this extra help.

How can I get more information?

For more information about getting help with your prescription drug costs, call Social Security at **1-800-772-1213** (TTY **1-800-325-0778**) or visit www.socialsecurity.gov.

To learn more about the Medicare prescription drug plans, call **1-800-MEDICARE** (1-800-633-4227; TTY **1-877-486-2048**) or visit www.medicare.gov

www.socialsecurity.gov



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Commission to do so with ratepayer funds. All of Staff's initiatives to use ratepayer funds to promote ESCO migration, in the aggregate, add to the utility revenue requirement and to the financial burdens that must be borne by ratepayers. At a time when energy costs are mounting and placing additional strain on consumers' budgets, and in the absence of proof of customer benefit, these costs should not be approved.

X. Low-Income (Power Partner) Program

PULP recommends that the customer financial eligibility conditions for this program be amended to include customers who receive assistance in the federal Medicare Part D prescription drug assistance program. This new federal program subsidizes the patient co-payment for Medicare Part D prescription drug benefits for low-income persons who cannot afford the co-payment. It is described at <http://www.socialsecurity.gov/prescriptionhelp/> The financial eligibility criteria are similar to those of the HEAP program. Unlike HEAP, which is administered by state and local welfare agencies, the prescription drug assistance program eligibility decisions are made directly by the federal Social Security Administration. Inclusion of this new federal program as a trigger for utility low-income assistance programs may aid in identification of additional eligible households for the low income utility program who, for whatever reason, are not identified by the utility as participants in the HEAP program. NYSEG should be directed to meet with interested parties to implement this modification.

XII. Conclusion

NYSEG's fixed rate service should be continued for residential customers as the default service for customers who have not elected another rate or company. If the ALJs determine that NYSEG's commodity earnings are higher than necessary to retain an incentive to acquire energy

Additionally, it must be remembered that National Grid¹⁷⁰ and Central Hudson¹⁷¹ voluntarily entered into Joint Proposals with additional reporting and evaluation requirements. Their voluntary agreements are not relevant or applicable to this fully litigated situation.

X. LOW-INCOME (POWER PARTNER) PROGRAM

A. Introduction

This matter is addressed in NYSEG's Initial Brief (p. 369).

B. Reporting and Evaluation Relating to the Power Partner Program

This matter is addressed in NYSEG's Initial Brief (p. 369).

C. Modification of Power Partner Program

PULP's proposed modification to the Power Partner Program should be given no weight. PULP alleges, for the first time in its initial brief, that the eligibility conditions for Power Partner should be amended to include customers who receive assistance under the federal Medicare Part D prescription drug program¹⁷² (PULP, p. 25). This issue was not raised in pre-filed testimony or at the hearing.

By waiting to present this issue in its initial brief, PULP has deprived the Company of a fair opportunity to counter PULP's allegations. NYSEG is not in a position to fully evaluate the

¹⁷⁰ Case 01-M-0075, supra, Opinion and Order Authorizing Merger and Adopting Rate Plan (issued December 3, 2001).

¹⁷¹ Annual evaluation of customer service quality programs are under consideration currently in Cases 05-E-0934 and 05-G-0935, involving Central Hudson (CPB, p. 58). An evidentiary hearing was scheduled for May 4, 2006 to consider the terms of the Joint Proposal submitted in those proceedings and to permit cross-examination regarding the Joint Proposal's terms and the statements and evidence offered in support and in opposition thereto. Cases 05-E-0934 et al., Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric and Gas Service, Notice Rescheduling Evidentiary Hearing (issued April 20, 2006).

¹⁷² "Everyone with Medicare, regardless of income, health status, or prescription drug usage, will have access to prescription drug coverage beginning on January 1, 2006." See <http://www.medicare.gov/pdphome.asp>. "Medicare is a federal health insurance program for people age 65 and older and certain disabled individuals. Medicare is the first payor of health care costs for most older people and for many disabled people." See <http://www.hiicap.state.ny.us/medicare/index.htm>.

costs or other impacts of PULP's proposal. At this stage of the proceedings, there is no practical way for the Company to determine who is eligible for "extra" assistance under Medicare Part D because such information is not readily available to the public.¹⁷³ Moreover, NYSEG does not request or collect information on its customers related to participation in Medicare Part D or the receipt of assistance under Medicare Part D.

The substance of PULP's allegations should be rejected. Contrary to PULP's allegations (PULP, p. 25), eligibility for "extra" assistance under Medicare Part D is not similar to HEAP. Eligibility for HEAP is based on income and housing situation.¹⁷⁴ The SSA website states that some persons automatically receive assistance in paying premiums, deductibles, and co-payments related to Medicare Part D - others must apply.¹⁷⁵ The availability of this assistance to applicants is limited to those who elect to take part in Medicare Part D,¹⁷⁶ and is determined, on a case-by-case basis, based on income and resources (such as the cash value and face value of any life insurance policies).¹⁷⁷ Because SSA evaluates other resources, it is not truly income-based like HEAP and the Power Partner Program.

Contrary to PULP's allegations (PULP, p. 25), inclusion of this "new" federal assistance program is not likely to aid in the identification of additional eligible households. SSA makes determinations on eligibility for "extra" assistance (PULP, p. 25). But, it is unclear if SSA is

¹⁷³ Eligible candidates have until May 16, 2006 to elect to participate in Part D. See <http://www.medicare.gov/pdp-basic-information.asp>.

¹⁷⁴ See <http://www.otda.state.ny.us/otda/heap/>.

¹⁷⁵ See <https://s044a90.ssa.gov/apps6z/i1020/main.html>.

¹⁷⁶ Eligible participants must enroll in Part D. See <http://www.medicare.gov/pdp-basic-information.asp>.

¹⁷⁷ See <https://s044a90.ssa.gov/apps6z/i1020/main.html>.

authorized under federal law to disclose eligibility of such assistance to a non-health care provider, such as the Company. In fact, such disclosures may cause SSA to violate HIPAA.¹⁷⁸

XI. UPDATES

This matter is addressed in NYSEG's Initial Brief (NYSEG, p. 372).

¹⁷⁸ Health Insurance Portability and Accountability Act of 1996, Pub. L. 104-191.

RD, June 8, 2006

objects to any additional reporting requirements for this program. The Company states that it currently provides DPS Staff a comprehensive evaluation that it is willing to share with CPB.

The Public Utility Law Project proposes that the program be amended to include customers who receive Medicare prescription drug assistance. This is a new federal program for low-income persons who cannot afford the co-payments for prescription drugs. According to PULP, the eligibility criteria for this program are similar to those for the HEAP program.

NYSEG objects to PULP's suggestion being presented for the first time in its initial brief. Had the proposal been made at the hearings, NYSEG believes it would have had a fair opportunity to consider its merits, which it cannot do at this stage of the proceeding.

We find that the Power Partner Program should continue and grow to meet the needs of all eligible HEAP customers. There is no dispute here about the merits of providing the benefits of this program to all HEAP customers. The only issues concern the mechanism that is used to enroll participants and the dilemma concerning customer eligibility for the Power Partner Program energy discounts and emergency HEAP benefits.

We believe that issues concerning the administration of this program should not stand in the way of HEAP customers receiving benefits for which they qualify. Accordingly, we recommend that the full amount, as projected by DPS Staff, be included in the delivery revenue requirements for this program. We also recommend that the interested parties--NYSEG, DPS Staff, CPB and PULP--meet between now and the time they file their briefs on exceptions to iron out the final program details needed to make an expanded program a reality. It does not appear to us that any additional reporting requirements are necessary with the amount of information currently being reported to DPS Staff. Also, the parties should consider whether there is any valid reason to expand the program to include recipients of Medicare prescription drug assistance.